

**REPORT
OF THE SUPERVISORY BOARD OF ELECTROHOLD SALES AD
ON ITS OPERATIONS IN LIEU OF A REMUNERATION COMMITTEE FOR THE YEAR 2021**

1. Legal Grounds of the Report

In Electrohold Sales AD (hereinafter referred to as the “**Company**”) has not been set up, nor has at any time during 2021 operated, a Remuneration Committee (hereinafter referred to as the “**RC**”), being an internal corporate body with specific competence, pursuant to Art. 20, Par. 1 - 3 of Ordinance № 48 of 20th March 2013 on the Requirements to Remuneration, issued by the Financial Supervision Commission (hereinafter referred to as “**Ordinance № 48**”).

Due to the absence of a RC and in performance of the requirements of Art. 21, Par. 3 and Art. 22, Par. 5 of Ordinance № 48, the Supervisory Board of the Company (hereinafter referred to as the “**SB**”) performs the functions of RC, as it shall:

- implement the provisions of Art. 21, Par. 1 and 2 and Art. 22 of Ordinance № 48 in lieu of a RC; and
- present to the attention of the General Meeting of the Company (hereinafter referred to as the “**General Meeting**”) a report on the execution of its functions acting in lieu of RC (including the ones in relation to the implementation of the Policy on Remuneration of the Members of the Boards of the Company, approved by means of decision of the General Meeting of the Company as 5th November 2020 (hereinafter referred to as “**Policy**”).

2. Subject-Matter and Scope of the Report

By presenting this report the SB fulfills its obligation for reporting to the General Meeting on its functions in lieu of a RC in the period from 1st January 2021 until 31st December 2021 (hereinafter referred to as the “**Reported Period**”), when were effective the Policy as of 5th November 2020, as it was provided for in Art. 22, Par. 5 of Ordinance № 48.

3. Specific Action Points of the SB in lieu of a RC during the Reported Period

The SB organized the elaboration of the Policy and monitors for its periodical alignment in full compliance with the applicable legislation and the charter documents of the Company.

The Management Board of the Company (hereinafter referred to as the “**MB**”), on the grounds of Art. 12, Par. 1 of Ordinance № 48, prepared and presented to the SB a Report on the Implementation of the Policy on the Remuneration of the Members of the Boards of the Company in the Reported Period (hereinafter referred to as the “**Report on the Implementation of the Policy in the Reported Period**”). After the members of the SB got acquainted with the Report on the Implementation of the Policy in the Reported Period, by means of a resolution taken at its meeting, held on 16th May 2022, the SB acknowledged the information contained in that report.

The MB presented to the SB information regarding the level and structure of the remunerations of the employees occupying managerial positions in the administration of the Company, pursuant to Art. 21, Par. 1, item 3 of Ordinance № 48. The members of the SB got acquainted with that information.

At the end of the first quarter of the year 2022 and on the grounds of Art. 22, Par. 1 of Ordinance № 48 the SB performed a review of the Policy, with regard to the remuneration of the members of the MB.

4. Conclusions of the SB in lieu of a RC

In the Reported Period the individual remunerations of the members of the MB were determined in compliance with the Policy. The level and structure of the remunerations of the employees occupying managerial positions in the administration of the Company also comply with the provisions of the policy and the applicable statutory requirements.

Appendix to Minutes of Meeting of the Supervisory Board of Electrohold Sales AD dated 16th May 2022 and to Minutes from the regular annual General Meeting of Electrohold Sales AD dated 27th June 2022

The SB concludes that during the Reported Period the Policy was implemented strictly and consistently.

The SB informs the shareholders (or the vote-holders) of the Company that any and all necessary measures were undertaken in order to ensure that the remuneration of each member of the MB is determined fairly vis-à-vis the remuneration of any other member of the MB and of the employees occupying other key positions in the administration of the Company.

On 18th April 2022 has been adopted by the extraordinary General Meeting of the Company a resolution for change of the trade name of the Company from CEZ Electro Bulgaria AD to Electrohold Sales AD. The new trade name has been entered in the batch of the Company within the Trade Registry to the Registry Agency on 28th April 2022. In view of the above, the SB notifies the shareholders (or the vote-holders) of the Company, that has been prepared a draft for amendment of the Policy on the Remuneration of the Members of the Boards of the Company, adopted on 5th November 2020, which draft will be subject of voting at the regular meeting of the SB on 16th May 2022. After the adoption of the draft for amendment of the Policy on the Remuneration of the Members of the Boards of the Company by the SB, the same draft would be presented for approval to the regular annual General Meeting of the Company.

5. Adoption of the Report

The Report of the SB in lieu of a RC was adopted by a resolution of the SB taken at its meeting, held on 16th May 2022, and is presented to the attention of the shareholders (or vote-holders) of the Company for acknowledgement by the General Meeting of the Company.